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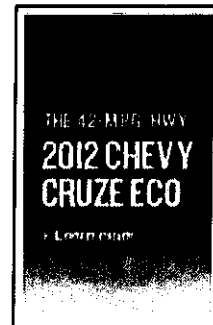
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Portions of court decision reversed in Cohens case

A federal appeals court, citing allegations it called "sufficient to constitute a pattern of racketeering activity," has reversed portions of a District Court decision, paving the way for a new Racketeer Influenced Corrupt Organizations Act case to proceed against real estate investors Brad and Larry Cohen.

The District Court case stemmed from the Cohen brothers' failed attempt to buy the 90,000-square-foot American Patriots building in Center City from investor Philip Banks and a partner in 1987.

According to Banks' October 1989 lawsuit, the Cohens struck an agreement in July 1987 to buy the office building at 112 S. 16th St. for \$9.8 million from Banks and his partner in the deal, Donald Wolk. Banks had alleged that Wolk, who held half of 222 Liberty Associates, the partnership that owned the American Patriots building, was a secret partner in the group the Cohens put together to purchase the building.

The appeals court referred to the "scheme" as "nothing more than an isolated incident of [garden variety] real estate fraud," but affirmed the lower court's dismissal of RICO claims against Wolk; the Cohens' attorney in the transaction, James Weiner; and the Cohen-controlled First Fidelity Insurance Corp. and First Fidelity Financial Group. All were named in Banks' 1989 petition.

Wolk is a partner in Penn Center West Associates, which owns large tracts of undeveloped land on the north side of John F. Kennedy Boulevard from 20th Street to the Schuylkill. His principal business is Goodway Graphics, a Jenkintown printing company.

Wolk said he was considering his own legal action against Banks and would not comment further.

Brad Cohen said he was unconcerned by the suit and the appeals court ruling. "Phil Banks sues everybody," he said.

Banks' suit claimed that after completing building improvements demanded by the Cohens as part of the transaction, he was unable to get them to the closing table.

Banks said some of the money from the sale was destined to pay contractors who renovated the building, and when the deal didn't close several contractors forced 222 Liberty Associates into Chapter 7 bankruptcy.

In the Nov. 9 decision, Judge Anthony J. Scirica said, "because the amended complaint adequately alleges that Brad and Larry Cohen have engaged in a pattern of racketeering activity," we will reverse the order and remand with instructions to allow the (RICO) and state law claims to proceed against the defendants."

A footnote in the decision stated though the District Court's decision to remove Wolk, Weiner and the First Fidelity entities from the RICO action was upheld, Banks could still bring "a common law fraud" suit against "Wolk or other parties."

Thomas Martin, the Cohens' lawyer, said he "didn't see (the decision) as encouraging anyone to go forward... We're in the process of evaluating what the Third Circuit decision means."

Banks said in an interview that the sale of the building would have netted him a \$1.7 million profit.

instead, Goldome Realty Credit Corp., which loaned 222 Liberty Associates the money to acquire and renovate the building, took control of the partnership and on Nov. 13 attempted to auction it. The high bid of \$1.325 million was rejected by Goldome.

"As a result of my involvement with this building," Banks said, "I have become persona non grata in the real estate community."

Banks said he would pursue the litigation. "Are you kidding? To a fare-thee-well. We have very real damages. I've been hurt, my business has been hurt, we've lost the building," he said.

If he wins the next round of litigation, Banks said, the penalties might add up to more than \$5 million. Even if Banks prevails, he may find it hard to get the satisfaction he seeks.

Brad Cohen was sentenced in federal court in May to a suspended five-year sentence on charges of wire fraud relating to phony investments in land options, stock in a thrift, and the sale of seats on securities exchanges.

Cohen was ordered to undergo psychiatric counseling, participate in 250 hours of community service and was fined \$250,000. The fine was to have been paid in \$25,000 monthly increments, but early last month, after citing his participation in a slow real estate market, Cohen was allowed to pay the \$150,000 balance at \$15,000 a month.

Also, General Electric Capital Corp. sued a Cohen-led partnership recently Thanksgiving, claiming it defaulted on a real estate loan. Michael Scott, a partner at Reed, Smith, Shaw & McClay representing GE Capital, said the loan of "something over \$8 million" for the Drug Emporium Plaza in Northeast Philadelphia was in default.

The suit named the partnership that owns the plaza, Nini Associates, and Brad and Larry Cohen, who had guaranteed \$500,000 of the loan. State records list Brad Cohen as one of the general partners of First Fidelity Associates 2, the general partner in Nini.

Brad Cohen said he had been negotiating with GE Capital to lower monthly payments on the loan. Scott confirmed talks had been ongoing.

"If it gets worked out, I guess I'll be told to dismiss the case by my client," Scott said. "That hasn't happened."

In another deal gone sour, the McIlhenny Mansion on Rittenhouse Square was sold back to Bell Savings Bank at sheriff's sale Nov. 5. Owner of the mansion, Whippet Associates, was a partnership controlled by the Cohens.

Whippet purchased the mansion from the McIlhenny estate for \$3 million in May 1987. It owed Bell Savings \$2.7 million at the time of the sheriff's sale.

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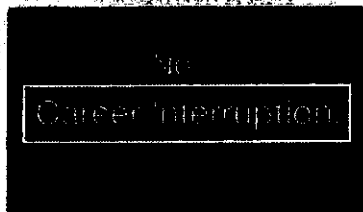
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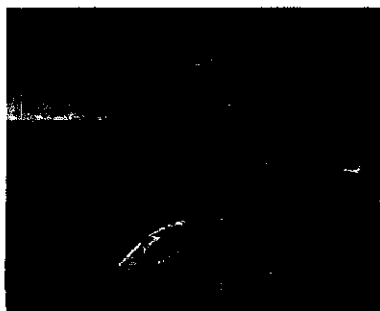
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Charges Filed Against Former Real Estate Tycoon Brad S. Cohen Is Accused Of Bank Fraud And Perjury. In 1990 He Was Convicted Of Defrauding Investors.

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November 18, 1992 | By L. Stuart Ditzen, INQUIRER STAFF WRITER

Brad S. Cohen, whose career as a Philadelphia real estate whiz kid was cut short by a federal fraud conviction in 1990, was charged anew yesterday by the U.S. Attorney's Office, this time for alleged bank fraud and perjury.

Cohen, 33, of Bryn Mawr, was charged with lying to judges this year in two proceedings involving his real estate bankruptcies.

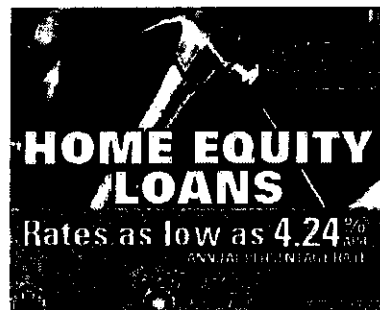
In January, Cohen testified before Judge Bruce I. Fox that a trust fund for his children, which was to be tapped to resuscitate some of his bankrupt properties, contained \$50 million. In fact, the U.S. Attorney's Office contends, the trust contained only a collection of Cohen's troubled real estate holdings.

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In March, Cohen told Judge David A. Scholl that \$500,000 from his children's trust fund had been placed in escrow for the reorganization of two real estate partnerships. The U.S. Attorney's Office contends that no such deposit had been made; instead, they said, Cohen had written bad checks for \$500,000 from an unopened bank account.

Cohen also was charged with fraudulently depositing a \$36,000 check written to the Philadelphia law firm of Montgomery, McCracken, Walker & Rhoads into a checking account he controlled at the Philadelphia Savings Fund Society in March.

The U.S. Attorney's Office said Cohen "caused the endorsement of (the law firm) to be forged on the reverse side of the check." The charges did not spell out who issued the check or how it came into Cohen's possession.

Cohen's attorney, Allan J. Sagot, declined to comment on the charges.

In the 1980s, Cohen was a rising, if controversial, real estate tycoon. He headed dozens of partnerships that owned apartments, shopping centers and condominiums in Philadelphia and its suburbs.

But many of his deals, including one to purchase the Henry McIlhenny mansion on Rittenhouse Square, were short-lived. Many partners ended up suing, charging that Cohen had defrauded them.

In 1990, Cohen was criminally charged in federal court with defrauding four investors in phony land and securities ventures.

The deals involved the purported purchase of seats on securities exchanges in Philadelphia and New York, land options in Mexico and California, and the acquisition of a California savings and loan.

Cohen pleaded guilty in that case and was sentenced to five years' probation and fined \$250,000.

Since then, many of his ventures have gone bankrupt. And creditors and former partners have continued to pursue him in the courts.

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Probation Revoked In Fraud Case Brad S. Cohen Is Charged With Conning A Venezuelan Businessman Out Of \$261,000 While On Probation For Fraud.

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September 18, 1993 | By L. Stuart Ditzen, INQUIRER STAFF WRITER

A federal magistrate judge yesterday revoked the probation of alleged fraud artist Brad S. Cohen and jailed him on \$2.5 million bail.

Cohen, 34, was to be placed in the Philadelphia Detention Center.

Cohen was arrested yesterday morning at his home in Bryn Mawr by the FBI and the U.S. Marshal's Service. Assistant U.S. Attorney Timothy Rice said Cohen had pulled an investment scam on a Venezuelan businessman while on probation for prior frauds.

U.S. Magistrate Judge James R. Melinson told the boyish looking Cohen, who has been accused of financial misdealings by partners and investors since the early 1980s, that he was "fortunate" the U.S. Attorney's Office only asked for \$2.5 million in bail.

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"What troubles me here is a pattern of dishonesty," said Melinson, looking over records in Cohen's case.

When taken into custody yesterday, Cohen was serving a five-year term on probation for defrauding investors of \$326,000 in phony deals in the mid- 1980s. He pleaded guilty to federal fraud charges in 1990.

Tracy E. Mellor, Cohen's probation officer, said in a report made public yesterday that Cohen had defrauded yet another investor this year of \$261,000 through a series of bogus business deals - one to purportedly sell diamonds in Hong Kong. Mellor asked that Cohen's probation be revoked.

Mellor's report said that Hector Carrasco, a Venezuelan citizen living in the United States, gave Cohen \$486,000 between last November and June for investment in a Center City apartment building, the Hong Kong diamond venture and purchase of two shopping centers.

Cohen used Carrasco's money to pay his mortgage, his car lease and bills

from his psychologist, the report said, and Carrasco ended up losing \$261,000.

In addition, the report cited a separate criminal case filed Monday by the Philadelphia district attorney's office against Cohen. In that one, he was accused of stealing more than \$2 million from two Philadelphia businessmen, Joseph Selig and Allan Oliner, in phony real estate deals.

The district attorney's case also

accuses Cohen of writing bad checks, including one for \$25,000 to one of the city's best-known lawyers, Richard A. Sprague, a former homicide prosecutor.

"When you're on probation," Melinson told Cohen yesterday, "you're not supposed to get arrested. You're not supposed to get indicted. You're not supposed to get involved in something like that."

While the blue-eyed, curly-haired Cohen sat glumly, his lawyer, Jeremy Gelb, asked that he be given psychiatric treatment and placed on "suicide watch" while in custody.

Melinson directed that Cohen receive mental health counseling.

Cohen's past business ventures included two gold deals in which partners accused him of diverting millions to himself and a host of real estate deals that led to lawsuits and civil judgments against him.

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Charges Mounting For Investor Brad S. Cohen Was Already Accused Of Numerous Swindles. Now He's Accused Of Diverting \$500,000.

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March 10, 1994 | By L. Stuart Ditzen, INQUIRER STAFF WRITER

Brad S. Cohen, a real estate investor already accused of an assortment of swindles, was charged in U.S. District Court yesterday with systematically diverting nearly \$500,000 from several bankrupt enterprises to his personal use.

Cohen, 34, of Bryn Mawr, in prison in an unrelated case, was charged in a 78-page grand jury indictment with fraud, money laundering and perjury.

Assistant U.S. Attorney Timothy R. Rice said Cohen lied in bankruptcy proceedings in 1992, falsely claiming that he was using rent money from several bankrupt apartment complexes and shopping centers to pay the mortgages and real estate taxes.

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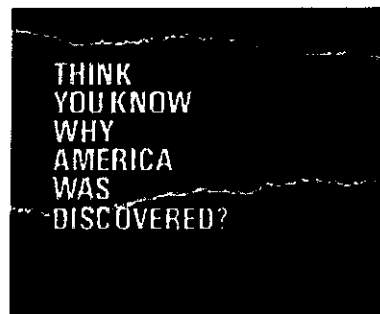
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In reality, Rice said, Cohen was stealing the rent money and using it to support a lavish lifestyle. Cohen owns a \$900,000 home and rides, when not in custody, in a top-of-the-line Mercedes sedan.

Rice said an FBI agent, Tom Cortese, followed a "mammoth paper trail" for more than a year to build the case against Cohen.

The agent had to work his way through a maze of bank accounts and corporate entities and partnerships.

The indictment lists 212 checks ranging from \$50 to \$17,000 that were traced from Cohen's bankrupt properties to other accounts in non-bankrupt enterprises he controlled.

Then, according to the indictment, Cohen wrote 100 more checks to transfer the funds from the non-bankrupt properties, in a money-laundering step.

Cohen was widely viewed as a real estate whiz kid in the 1980s, but many partners ended up suing him and accusing him of fraud.

The sweeping indictment issued yesterday is just one of Cohen's problems.

He is also awaiting trial in Common Pleas Court on charges that he stole \$2 million from two former partners in real estate deals between 1987 and 1990, and that he wrote a bad check for \$25,000 to lawyer Richard A. Sprague. Those charges were brought by the District Attorney's Office in September.

The U.S. Attorney's Office started proceedings in September to revoke Cohen's probation in connection with a previous federal conviction. Cohen pleaded guilty in 1990 to defrauding three investors of \$326,000 and was sentenced to five years' probation.

But while on probation, federal prosecutors contend, Cohen bilked a Venezuelan citizen of \$261,000 in a series of investment scams. Cohen is in the Philadelphia Detention Center, unable to meet \$2.5 million bail in connection with those proceedings.

The indictment issued yesterday was a vastly expanded version of a case the U.S. Attorney's Office brought against Cohen in November 1992.

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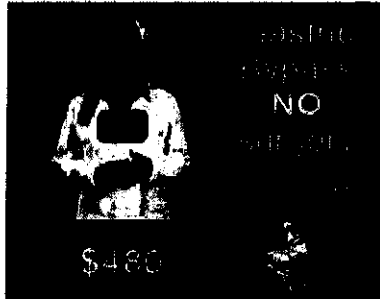
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Charges Mounting For Investor Brad S. Cohen Was Already Accused Of Numerous Swindles. Now He's Accused Of Diverting \$500,000.

March 10, 1994 | By L. Stuart Ditzen, INQUIRER STAFF WRITER

(Page 2 of 2)

Cohen agreed in 1992 to plead guilty to charges of lying in two bankruptcy proceedings.

On the day he was scheduled to enter his plea, however, he backed out of the agreement. That spurred the U.S. Attorney's Office to take its evidence to a grand jury to seek an indictment. In the process, the investigation of Cohen's activities was broadened.

Among the waves of charges in yesterday's indictment, Cohen was accused of taking advantage of two banks and a law firm in an effort to convince a bankruptcy judge that he had set aside \$500,000 to pay his creditors.

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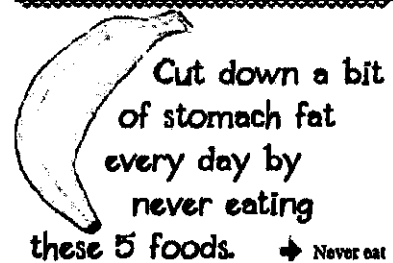
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The indictment outlines events as follows:

* In January 1992, Cohen obtained "starter kits" to open two bank accounts at PSFS. The kits included blank signature cards and several checks.

* Cohen did not complete the signature cards or deposit any funds into the accounts. He held onto the checks. And two months later, he wrote out two of the checks for \$250,000 each.

* He then deposited the checks at Continental Bank in the escrow account of the firm of Hapburn, Willcox, Hamilton & Putnam, which was representing him in two bankruptcy cases.

* After that, he went to bankruptcy court March 11, 1992, and testified before Judge David A. Scholl that he had \$500,000 in his lawyers' escrow account to cover mortgage payments that were overdue on apartment buildings and shopping centers in Northeast Philadelphia and Glenside.

In fact, the indictment says, there was no \$500,000: It was entirely a sham.

That is one of the instances for which Cohen was charged with perjury.

Another was his claim, also under oath in bankruptcy court, that he had access to a \$50 million trust fund that he could tap to pay bills of his bankrupt properties.

Cohen claimed that the trust fund had been created by his mother-in-law, a citizen of Mexico, in 1984.

In reality, the indictment says, there was a trust.

But it did not contain \$50 million.

Rather, it contained \$100.

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